

STATE OF SOUTH CAROLINA

Request of South Carolina Electric & Gas Company for an order authorizing the withdrawal of certain funds from its Storm Damage Reserve Fund to offset those costs incurred in connection with its tree trimming and vegetation management programs for its electric transmission and distribution systems

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA****COVER SHEET****DOCKET****NUMBER: 2008 - 416 - E**

(Please type or print)

Submitted by: K. Chad Burgess**SC Bar Number:** 69456**Address:** SCANA Corp.**Telephone:** 803-217-8141220 Operation Way MC C222**Fax:** 803-217-7931Cayce, SC 29033-3701**Other:** _____**Email:** chad.burgess@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)☐ **Emergency Relief demanded in petition** ☐ **Request for item to be placed on Commission's Agenda expeditiously**☐ **Other:** _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



K. Chad Burgess
Assistant General Counsel

chad.burgess@scana.com

October 30, 2009

VIA ELECTRONIC FILING

The Honorable Charles Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Request of South Carolina Electric & Gas Company for an order authorizing the withdrawal of certain funds from its Storm Damage Reserve Fund to offset those costs incurred in connection with its tree trimming and vegetation management programs for its electric transmission and distribution systems
Docket No. 2008-416-E

Dear Mr. Terreni:

The purpose of this letter is to request that the Public Service Commission of South Carolina ("Commission") issue an accounting order, for regulatory accounting purposes, authorizing South Carolina Electric & Gas Company ("SCE&G" or "Company") to withdraw from its Commission-approved Storm Damage Reserve Fund those funds necessary to offset the incremental expenses that will be incurred by the Company in calendar year 2010 to accelerate tree trimming and vegetation management programs for its electric transmission and distribution systems. Specifically, SCE&G requests authorization to withdraw \$6,800,000 from the Storm Damage Reserve Fund during calendar year 2010.

On February 26, 2009, the Commission issued Order No. 2009-87 authorizing SCE&G to withdraw up to a maximum of \$9,000,000 during the 2008-2009 time period from its Storm Damage Reserve Fund to offset incremental costs incurred in connection with the Company's distribution and transmission tree trimming and vegetation management programs. In accordance with the terms of Order No. 2009-87, SCE&G filed with the Commission a mid-year report for the period ending June 30, 2009, which demonstrated that SCE&G's tree trimming and vegetation management plan is contributing positively to the improved reliability of the Company's electric system and increasing the system's tolerance to weather related events.

As evidenced in the mid-year report, the authority granted to SCE&G by the Commission under Order 2009-87 has permitted the Company to complete approximately 3,687 miles of its planned tree trimming and vegetation management activities along its distribution line routes. Additionally, the Company has been able to complete approximately 941 miles of its planned

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tree trimming and vegetation management activities along its transmission line routes. Without the authority provided to the Company by the Commission, it would have been very difficult, if not impossible, for SCE&G to make any progress toward achieving its goal of placing its distribution and transmission circuits on a five-year vegetation management cycle, which is the industry standard for tree trimming and vegetation management. Absent any withdrawal of funds from its Storm Damage Reserve Fund, it is likely that the Company's vegetation management cycle would have deteriorated below its current seven to eight-year management cycles resulting in degradation of electric service to customers and more extensive duration of outages and system restoration after major weather related events. Furthermore, the Company would have found it very difficult to maintain compliance with its transmission line clearing activities as mandated by the North American Electric Reliability Council ("NERC").

Transmission and distribution line clearing initiatives and progress made as a result of the issuance of Order No. 2009-87 for tree trimming and vegetation management activities has resulted in (i) major movement towards the optimal, five-year vegetation management cycle; (ii) full compliance with NERC-mandated vegetation guidelines; (iii) significant reduction in circuit System Average Interruption Duration Index ("SAIDI"), which is the tracking mechanism used to measure the frequency and duration of power outages; (iv) more miles of vegetation cleared away from power lines and subsequently sprayed to suppress unwanted new vegetation; and (v) ultimately, the potential preservation of the Storm Damage Reserve Fund level by reducing the potential for storm related damages in the future and the need to draw upon the fund. The success of the additional tree trimming and vegetation management activity is evidenced by an 80% reduction in tree related incidents as measured by SAIDI for the specific circuits cleared in accordance with the vegetation management program specifications. With the authorization granted by the Commission under Order No. 2009-87, SCE&G's Transmission Vegetation Management Program ("TVMP") and its Distribution Vegetation Management Program ("DVMP") are contributing to the improved reliability of the Company's electric system and increasing the system's tolerance to weather related events – all to the benefit of SCE&G's customers.

In light of the success of SCE&G's TVMP and DVMP, the Company respectfully requests that the Commission issue an accounting order, for regulatory accounting purposes, authorizing SCE&G to withdraw from its Commission-approved Storm Damage Reserve Fund \$6,800,000. These funds will be used to offset those incremental expenses, defined as expenditures in excess of the level currently provided for in base rates (approximately \$13.2 million), incurred by the Company in calendar year 2010 for tree trimming and vegetation management programs for its electric transmission and distribution systems. SCE&G anticipates that the increased funding for its TVMP and DVMP will provide the Company with an opportunity to reach its goal of placing all its transmission and distribution circuits on the optimal five-year vegetation management cycle by 2011 and thus, further improve the Company's SAIDI rating by reducing tree related events.

(Continued . . .)

Mr. Charles Terreni

October 30, 2009

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The request for relief set forth herein will not involve a change to any of SCE&G's retail rates or prices, or require any change in any Commission rule, regulation or policy. In addition, the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding. Accordingly, neither notice to the public at-large, nor a hearing is required regarding this request.

By copy of this letter, we are serving counsel for the South Carolina Office of Regulatory Staff with the Company's request.

Thank you for your time and consideration. If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,



K. Chad Burgess

KCB/kms

cc: Shannon Bowyer Hudson, Esquire
(via electronic mail and First Class U.S. Mail w/enclosure)